



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2017 Biennium

Bill #	SB0324	Title:	Provide for relief to counties containing federal lands
Primary Sponsor:	Fielder, Jennifer	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
Expenditures:				
General Fund	\$16,444,396	\$16,444,396	\$16,444,396	\$16,444,396
Revenue:				
General Fund	\$3,362,879	\$3,362,879	\$3,362,879	\$3,362,879
State Special Revenue	\$212,392	\$212,392	\$212,392	\$212,392
Net Impact-General Fund Balance:	<u>(\$13,081,517)</u>	<u>(\$13,081,517)</u>	<u>(\$13,081,517)</u>	<u>(\$13,081,517)</u>

Description of fiscal impact: SB 324 would require the state to pay the counties in Montana that have previously received federal payments for the secure rural schools and community self-determination act payments that expired September 30, 2014 and has not been reauthorized by the Federal Government.

FISCAL ANALYSIS

Assumptions:

Office of Public Instruction

- SB 324 requires the state to replace the payments due to Montana counties if the U.S. Congress fails to reauthorize funding for the USDA/USFS Secure Rural Schools program, which provides payments to counties with U.S. Forest Service lands. In accordance with 17-3-213(5), MCA, two-thirds of this funding is allocated to the county road fund. The remaining one-third is allocated to the countywide school levies, including the elementary and high school county equalization funds, the county transportation fund, and the elementary and high school county retirement funds.

2. It is estimated that Montana counties will lose \$16.444 million if Congress does not reauthorize full funding for the Secure Rural Schools and Community Self-Determination Act
3. Revenue from the elementary and high school equalization levies is remitted to the state by the counties for deposit in the state general fund.
4. County retirement levies are subsidized by state guaranteed tax base aid. If the non-levy revenue available to support the county retirement levies is reduced, the mill levies are likely to increase, which will increase the cost of state GTB aid. This is anticipated to be a small share of the state portion of non-levy revenue receipts (see assumption # 11).

Department of Administration

5. With the expiration of the Secure Rural Schools (SRS) program on September 30, 2014, the 1908 Act, as amended, requiring 25% payments to the eligible Montana counties is currently in effect.
6. The Federal Fiscal Year (FFY) 2013 payment to Montana's eligible counties was \$18,674,569.
7. The FFY 2014 payment to the Montana counties was \$2,230,173.18 (with \$162,803 withheld for sequestration).
8. The difference between the expired program and the 25% payments is \$16,444,395 that SB 324 would require the state to pay to the eligible counties.
9. General fund money would be used to distribute the payment difference.
10. The payments would be made under local assistance appropriation budget.
11. The state general fund receives the state equalization mills share of this non-levy revenue (see assumption #1). That proportion in FY 2014 was 20.45% or \$3.363 million. The share is assumed to remain constant. That would increase the state general fund revenue by approximately \$3.36 million.
12. The state special revenue fund receives the 6 mill university share of this non-levy revenue. That proportion in FY 2014 was 20.45% or \$3.363 million. The share is assumed to remain constant. That would increase the state general by approximately \$212 thousand.

<u>Fiscal Impact:</u>	<u>FY 2016 Difference</u>	<u>FY 2017 Difference</u>	<u>FY 2018 Difference</u>	<u>FY 2019 Difference</u>
<u>Expenditures:</u>				
Local Assistance	\$16,444,396	\$16,444,396	\$16,444,396	\$16,444,396
TOTAL Expenditures	\$16,444,396	\$16,444,396	\$16,444,396	\$16,444,396
<u>Funding of Expenditures:</u>				
General Fund (01)	\$16,444,396	\$16,444,396	\$16,444,396	\$16,444,396
TOTAL Funding of Exp.	\$16,444,396	\$16,444,396	\$16,444,396	\$16,444,396
<u>Revenues:</u>				
General Fund (01)	\$3,362,879	\$3,362,879	\$3,362,879	\$3,362,879
State Special Revenue (02)	\$212,392	\$212,392	\$212,392	\$212,392
TOTAL Revenues	\$3,575,271	\$3,575,271	\$3,575,271	\$3,575,271
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$13,081,517)	(\$13,081,517)	(\$13,081,517)	(\$13,081,517)
State Special Revenue (02)	\$212,392	\$212,392	\$212,392	\$212,392

Effect on County or Other Local Revenues or Expenditures:

1. SB 324 would have a positive effect on the eligible Montana counties as it would make them whole from the previous payments they were receiving under the SRS program.

Technical Notes:

1. The funding source for the payments required in SB 324, has not been designated.

Sponsor's Initials

Date

Budget Director's Initials

Date